

Message Text

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ACTION EA-09

INFO OCT-01 AS-01 ISO-00 IO-13 EB-07 COME-00 TRSE-00

OMB-01 EPG-02 AID-05 IGA-02 FMC-01 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02

DOE-00 XMB-02 SS-15 NSC-05 /081 W

-----002748 111037Z /10

R 110700Z JUL 77

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2384

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

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E.O. 11652: NA

TAGS: ASEAN, ETRD, EIND, ETEL, ID

SUBJECT: INDONESIAN REACTION TO ECON MINISTERS MEETING

1. LOCAL PRESS HAS GIVEN BANNER HEADLINES TO ACCOMPLISHMENTS OF RECENT ASEAN ECON MINISTERS MEETING BUT AS WE RECEIVE REPORTS FROM OTHER POSTS AND TALK TO GOI OFFICIALS HERE IT BECOMES APPARENT THAT THERE IS LESS HERE THAN MEETS THE EYE. ALTHOUGH PRESS CONTINUES TO SPEAK OF ASEAN TARIFF CUTS ON 71 PRODUCTS, JOINT PRESS RELEASE (SINGAPORE 2766) SPEAKS OF "TRADE CONCESSIONS UNDER THE ASEAN PTA." TO GOI, DISTINCTION BETWEEN TARIFF CUTS AND OTHER TYPES OF TRADE CONCESSIONS SUCH AS GOVERNMENT PURCHASE, ETC. IS AN IMPORTANT ONE, AND OFFICIALS HERE EMPHASIZE THAT NOT ALL 71 PRODUCTS ARE EARMARKED FOR TARIFF CUTS. MOREOVER, THEY CONFIRM FACT REPORTED ELSEWHERE THAT WHERE TARIFF CUTS WILL BE MADE, THE MAJORITY WILL BE LESS THAN 10 PERCENT.

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2. ON INDUSTRIAL PROJECTS, THE GOI SEEMS TO HAVE WON A CLEAR VICTORY IN SINGAPORE FOR ITS RECENTLY OPENED DIESEL PLANT (JAKARTA A-58). MINISTER OF INDUSTRIES JUSUF, A SINGAPORE PARTICIPANT, HAS ANNOUNCED SINGAPORE'S AGREEMENT FOR INDONESIA TO PROCEED WITH PRODUCTION OF DIESEL ENGINES OF UP TO 500 HP WHILE SINGAPORE WILL LIMIT ITSELF TO ENGINES WITH CAPACITY ABOVE THAT LIMIT.

(COMMENT: FROM THIS VANTAGE POINT IT SEEMS CLAR THAT THE GOI PRESENTED SINGAPORE WITH A FAIT ACCOMPLI. LOCAL NEWSPAPERS HAVE BEEN UNABLE TO RESIST POINTING OUT THAT THE MARKET FOR DIESEL ENGINES ABOVE 500 HP IS INSUFFICIENT TO MAKE THE SINGAPORE PROJECT VIABLE.) EARLY REPORTS HERE NOTED THAT AGREEMENT ON THE GOI AND GOM UREA PROJECTS HAD BEEN REACHED AND THAT A GOM TEAM WAS DUE HERE IN MID-JULY TO DISCUSS TECHNICAL DETAILS. HOWEVER KL 4263, WHICH REPORTS THAT FEASIBILITY STUDY ON MALAYSIAN PROJECT NOT DUE UNTIL OCTOBER, SQUARES WITH INFORMATION WE HAVE RECEIVED HER. AND, OF COURSE, MERE COMPLETION OF TUDY IN NO WAY GUARANTEES THAT PROJECT WILL BE STARTED. KNOWLEDGEABLE OBSERVERS HERE CONTINUE TO DOUBT THE NEED FOR TWO ASEAN UREA PROJECTS.

3. GOI ALSO MADE PROGRESS TOWARD ITS GOAL OF ASEAN USE OF THE PALAPA SATELLITE. WE ARE RELIABLY INFORMED THAT AGREEMENT IN PRINCIPLE FOR USE OF PALAPA BY OTHER ASEAN NATIONS HAS BEEN REACHED. (JOINT PRESS RELEASE NOTED ONLY THE ESTABLISHMENT OF A WORKING GROUP TO STUDY THE QUESTION.) THE RP IS EXPECTED SOON TO SIGN A CONTRACT FOR USE OF PALAPA AS A REGIONAL SATELLITE IS APPARENTLY ALSO NEARER, DESPITE PROBLEMS THIS MIGHT ENTAIL WITH INTELSAT (JAKARTA 6581).

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4. DESPITE THERE POSITIVE ASPECTS GOI OFFICIALS CONTINUE TO BE GUARDED IN THEIR REACTIONS TO THE OVERALL RESULTS OF THE ECONOMIC MINISTERS MEETING. ALTHOUGH THEY ADMIT THAT THE MEETING MADE SOME HEADWAY IN THE DIRECTION OF ADVANCING CLOSER ECONOMIC COOPERATION, OFFICIALS CONTINUE TO BE RATHER SKEPTICAL ABOUT THE RAPIDITY WITH WHICH THE VARIOUS COOPERATION SCHEMES CAN BE IMPLEMENTED. BANK OF INDONESIA OFFICIAL (ARIFIN SIREGAR) TOLD US THAT HE FELT THE MEETING HAD BEEN THE BEST ASEAN ECONOMIC SESSION TO DATE BUT INDICATED INDUSTRIAL PROJECTS AND PTA NEEDED MUCH WORK BEFORE THEY COULD BE CALLED SUCCESSFUL).

5. SIREGAR WHO WAS GIVEN 12 HOURS NOTICE TO ATTEND THE SINGAPORE SESSION INFORMED US THAT PROBLEM OF MULTIPLICITY OF COMMITTEES HAD BEEN TACKLED AND EXPRESSED HOPE THAT ALL ECONOMIC SUBJECTS WOULD IN FUTURE BE HANDLED IN ONE OF FIVE KEY COMMITTEES. HE, IN COMPANY WITH MANY OTHER GOI OFFICIALS, EXPRESSED CONCERN ABOUT THE LARGE NUMBER OF MEETINGS THAT THEY MUST COVER, POINTING TO THE DEARTH OF QUALIFIED PERSONNEL. (ONE KEY BAPPENAS OFFICIAL ATTENDED 18

VARIOUS INTERNATIONAL ECONOMIC MEETINGS DURING 1976.)
CONSENSUS AMONG OFFICIALS APPEARS TO BE THAT DISCUS-
SIONS IN SINGAPORE MOVED IN THE RIGHT DIRECTION AND
THAT CLOSE LIAISON AND CONSULTATIONS AMONG ASEAN
COUNTRIES ESSENTIAL. THE STRONG FEELING ABOUT THE
DISPARITIES IN THE STATE OF DEVELOPMENT AMONG THE
VARIOUS ASEAN COUNTRIES REMAINS. AS SIREGAR PUT IT,
SINGAPORE APPROACHES ASEAN ECONOMIC COOPERATION FROM
A DIFFERENT VIEWPOINT AND ON THE PREMISE THAT HIGH
TECHNOLOGY IS REQUIRED TO BRING ABOUT INTEGRATED
GROWTH IN THE ASEAN REGION. FOR A COUNTRY LIKE
INDONESIA, HE OBSERVED, HIGH TECHNOLOGY IS STILL A
LUXURY IN MOST INSTANCES AND THE PRIORITIES OF DEVELOP-
MENT ARE DIFFERENT.
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NEWSOM

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Message Attributes

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